

Banking With the Soviets (Cont'd.)

The article by R. W. Robinson Jr. on "Moscow's Shell Game" [June 22] provides an interesting piece of advice to Congress and to the administration on how to handle trade and economic relations with the Soviet Union.

Mr. Robinson argues that the participation by Soviet-owned banks in the interbank market should be subject to "sensible guidelines." The reason is very simple: according to Mr. Robinson, the interbank market, by offering to the Soviet banks short-term deposits at Libor rate, allows "the potential adversary" to make up for the shortage of badly needed cash.

Mr. Robinson tries to question the right of the U.S.S.R. to participate in normal international financial exchanges. He cannot accuse the Soviet-owned banks of violating any rules or practices of the interbank market; he admits that they not only take the funds but also place their own deposits with their Western counterparts.

However, this doesn't matter to Mr. Robinson, because these banks represent a "potential adversary" and for this reason alone must be checked at any cost. Mr. Robinson mentions that he is arguing not for the discontinuation of interbank activity with the U.S.S.R., but rather for a "better discipline."

Specific ideas he suggests make it abundantly clear that what he has in mind is, in fact, to prevent the Soviet-owned banks from doing normal business in the interbank market. Evidently,

Mr. Robinson has his own view on how the sacred "free play" of market forces should take place.

In his recent lecture at the Heritage Foundation on "East-West Trade and National Security," Mr. Robinson promoted many other ideas designed to further restrict Western trade with the U.S.S.R., as well as to "deny the U.S.S.R. . . . hard currency earnings" and to "block Soviet domination of Western Europe's gas markets." Apparently, his concern about such "domination" is rooted in deep belief that, whenever somebody has economic advantage, it must be used as leverage to exert political pressure.

Domination and influence over business partners is not what the U.S.S.R. seeks in its external trade and financial relations. We are in favor of equal and mutually beneficial economic cooperation with all countries, including the United States and other Western states. This was reiterated by the 27th Congress of the Communist Party of the Soviet Union. In this context we firmly believe in broad international business ties.

As for the resources required to finance accelerated development of the U.S.S.R., we have them, and we do not hinge our social and economic plans on the intentions of other states in relation to the U.S.S.R.

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MEMORANDUM FOR: Mr. Casey

Roger Robinson thought the attached would interest you. He said it is interesting that the Soviets responded in this way.

Debbie, 10 July 86